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THE ENVIRONMENT FUND

THE USE OF RESOURCES IN 1990-1991 AND THE PROPOSED USE OF PROJECTED RESOURCES IN 1992-1993 AND 1994-1995

Addendum

DEVELOPMENTS 1 JANUARY - 30 April 1991

Report of the Executive Director

Summary

This report updates figures set out in the report on the use of resources in 1990-1991 and the proposed use of projected resources in 1992-1993 and 1994-1995 (UNEP/GC.16/23), taking into account pledges of contributions received since that report was prepared and expenditures recorded in the Financial Report and Accounts (unaudited) for the first year of the biennium 1990-1991, ended 31 December 1990.

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I. THE FIRST YEAR OF THE BIENNIUM 1990-1991

A. Resources available during 1990

1. Taking into account the balance of funds brought forward from 1989, total resources of $79.06 million were available in 1990, as detailed in annex I to the present report. Total contributions for 1990 are now estimated at $52.03 million. Of the estimated contributions outstanding for 1990 as at 31 December 1990, $1.61 million had been paid by 31 March 1991, leaving only $0.78 million outstanding for that year. Annex II shows all outstanding contributions for the years 1988-1990 as at 30 April 1991.

B. Use of resources in 1990

2. Final expenditure of the Fund programme in 1990 and the resources carried forward to 1991 were as follows, in millions of dollars:

	Convertible currency	Non-convertible currency	Total
Programme and programme support costs	13.09	-	13.09
Fund Programme activities and programme reserve activities	26.08	2.79	28.87
Total expenditure	39.17	2.79	41.96
Balance carried forward to 1991	28.17	8.93	37.10

3. Expenditure in 1990 on programme and programme support costs was recorded in UNEP accounts as $13.09 million, compared with the provisional estimate of $13.48 million (see UNEP/GC.16/23, paragraph 8). This expenditure was 25 per cent of the revised estimated contributions for 1990 of $52 million.

4. The total expenditure of $28.87 million against Fund Programme and programme reserve activities comprised the following:

	Millions of dollars
Fund Programme activities (full programme)	23.62
Fund Programme activities (additional programme)	4.25
Fund Programme reserve activities	1.00
Total	28.87

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II. THE SECOND YEAR OF THE BIENNIUM 1990-1991

A. The outlook for resources - 1991

5. By the end of April 1991, pledges of contributions to the Fund for 1991 had increased to $38.24 million, compared with $21.6 million as at 31 December 1990. Taking into account this increase, together with the assumption that the countries who paid a contribution to the Fund in 1990 but have not made a formal pledge for 1991 or an informal indication of their contribution will increase their contributions by 35 per cent in line with Governing Council decision 15/1, the Executive Director now expects that contributions in respect of 1991 may total some $60.50 million. Nonetheless, the Executive Director is still hopeful that some countries who have already made pledges for 1991 will make additional contributions during 1991, in line with the 1992 contributions target of $100 million. The Executive Director reminds the Council that to remain on target for $100 million by 1992, Governments should first reach a 1991 level of contributions of $74 million.

6. Accordingly, the Executive Director presents the following estimates of resources available in 1991 as follows:

	Millions of dollars
Balance as at 1 January 1991	37.10
Estimated contributions for 1991	74.00
Other income	3.00
Total	114.10

B. The planned use of resources in 1991

1. Programme and programme support costs

7. The programme and programme support costs (PPSC) expenditure totalled $13.09 million in 1990 and leaves $19.17 million available from the appropriation of $32.26 million (UNEP/GC.16/22). The revised budget for PPSC is set out in documents UNEP/GC.16/22 and Add.1. Expenditure at the level of $19.17 million would be equivalent to 26 per cent of the targetted contributions of $74 million. In the event of contributions in 1991 following short of the latter figure, the Executive Director would restrict PPSC expenditures within the 33 per cent yardstick.

2. Fund Programme and programme reserve activities

8. The recorded expenditure for Fund Programme and programme reserve activities in 1990 was $24.62 million, and left $47.38 million available for spending in 1991 from the allocation made by the Executive Director of $72 million (UNEP/GC.16/23, paragraph 9). In addition, the Executive Director approved allocations of $14.21 million against the supplementary appropriation

of $35 million (UNEP/GC.16/23, paragraph 11). Of this amount, $4.25 million was spent in 1990, leaving $9.96 million available for spending in 1991. Further allocations against the supplementary programme will remain subject to the availability of funds, although it is presently planned that a further $15 million will be allocated in 1991 which would make a total of $24.96 million available for the year. The Executive Director is, however, proposing certain modifications to the original supplementary appropriation: these are set out in document UNEP/GC.16/15/Add.1.

III. THE BIENNIUM 1992-1993

A. The requirement for resources in 1992-1993

9. By decision 15/1 section V, paragraph 1, the Governing Council set a target of $100 million for contributions by 1992. Furthermore, in the addendum to the document on the Fund target for 1995 (UNEP/GC.16/4/Add.5), the Executive Director has proposed that a target of $250 million be set for 1995. To attain this target, contributions would have to be increased by some 35 per cent per annum over the 1992 target of $100 million, thereby making a target of $135 million for 1993. The target for the biennium 1992-1993 would therefore be $235 million, compared with the assumption used at the fifteenth session of the Governing Council when setting an "envelope" for the 1992-1993 programme of $210 million.

10. On the basis of contributions in the biennium of $235 million, the total resources available for 1992-1993 would be as follows:

	Millions of dollars
Balance of Fund as at 1 January 1992	37.07
Contributions for 1992-1993	235.00
Other income	6.00
Less change in financial reserve	(3.41)
Total	274.66

B. The proposed use of resources in 1992-1993

11. The Executive Director has proposed a 1992-1993 appropriation of $37.13 million for PPSC (UNEP/GC.16/22). That proposal was, however, drawn up on the premise that the Executive Director's parallel proposal to United Nations Headquarters regarding the regular budget would be approved. The regular budget proposal for 1992-1993 had requested an additional 27 Professional and 34 General Service posts. However, the Headquarters Programme Planning and Budgeting Board only approved an additional 2 Professional posts. The Executive Director feels that all the additional posts are essential if the secretariat is to undertake the increasing tasks being placed upon it, and is therefore requesting that the Council approve a supplementary PPSC appropriation of $2.40 million to fund an additional 23 Professional and 32 General Service posts, subject to the conditions set out in paragraph 16 below.

12. The Executive Director is also requesting an additional $1.60 million to increase the loan originally proposed to the regular budget for the office construction project in 1992-1993, making a total loan of $6 million over the two biennia of 1990-1991 and 1992-1993. It is expected that UNEP will be reimbursed in full through the remission of rent in 1992-1993, and a part remission of rent in 1994-1995, but a formal proposal on the repayment of the loan has yet to be received from United Nations Headquarters, as is also the formal approval for the project and its financing arrangements from the Advisory Committee on Administrative and Budgetary Questions.

13. The total supplementary appropriation for PPSC requested by the Executive Director therefore comes to $4.00 million. If the Council were to agree to the Executive Director's proposals, the total 1992-1993 appropriation for PPSC would thus come to $41.13 million, representing 18 per cent of contributions of $235 million for 1992-1993 (or 20 per cent of $210 million).

14. In accordance with decision 15/46, paragraph 14, the Executive Director has drawn up a programme for Fund activities in 1992-1993 of $180 million (UNEP/GC.16/15), consisting of a core programme of $150 million and a supplementary programme of $30 million. He has also suggested that the Fund Programme reserve be established at $10 million. Provided that the target for contributions in 1992-1993 is in line with the objective of $235 million, it would also be possible in 1992-1993 to implement the Executive Director's proposal for an additional programme of $25 million (UNEP/GC.16/15/Add.1).

15. To sum up, on the basis of the projection of the resources available in 1992-1993, set out in paragraph 10 above, the following use of resources in 1992-1993 is proposed:

	Millions of dollars
Programme and programme support costs (PPSC)	35.24
Supplementary PPSC	2.40
New office accommodation (including $1.89 million under PPSC appropriation and $1.60 million under supplementary PPSC appropriation)	3.49
Total PPSC	41.13
Fund Programme activities - core programme	150.00
Fund Programme activities - supplementary programme	30.00
Total Fund Programme activities*	180.00
Fund Programme reserve activities	10.00
Additional programme of activities**	25.00
Total programme	256.13
Less: Estimated underspending	(26.20)
Total expenditure	229.93
Balance carried forward to 1994	44.73

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* As in GC.16/15.

** As in GC.16/15/Add.1.

16. The Executive Director is, however, aware that he must be prepared for some shortfall in the level of contributions from the targetted level of $235 million. In the event that such a shortfall should occur, he proposes that the resources available should be used in the following order, depending on their availability:

	Millions of dollars
Programme and programme support costs, as proposed in document UNEP/GC.16/22	35.24
Loan to the regular budget for the construction of new office accommodation	3.49
Fund Programme activities - core programme	150.00
Fund Programme reserve	10.00
Fund Programme activities - supplementary programme	30.00
Additional staff posts for PPSC	2.40
Additional programme of activities	25.00
	256.13

17. Taking into account the level of resources carried forward from 1991 and the pledges for contributions received by the beginning of 1992, the Executive Director will implement the programme above so as to ensure that the Fund remains liquid at all times. Accordingly, if there is a shortfall in the level of contributions projected above, only part of the proposed programme will be implemented.

IV. THE BIENNIUM 1994-1995

18. On the basis of an annual growth of contributions of 35 per cent and the achievement of the 1992 contributions target of $100 million, contributions for 1994 would come to $182 million and the total for the biennium 1994-1995 of $427 million. If this were the case, the following resources available for 1994-1995 would be:

	Millions of dollars
Balance of Fund brought forward from 1993	44.73
Contributions paid during 1994-1995	427.00
Other income	6.00
Total resources	477.73

19. On the premise that the above outlook for resources would be acceptable to the Council, the Executive Director proposes that he seek approval for a 1994-1995 PPSC budget of $44 million, and a programme of $445 million for Fund Programme and Fund Programme reserve activities (made up of a core programme of $270 million, a supplementary programme of $50 million, an additional programme of $115 million, and $10 million for the Fund Programme reserve).

ANNEX I

FLOW AND USE OF RESOURCES OF THE FUND THROUGH 1995

	1990 Actual CC	1990 Actual NCC	1990 Actual TOTAL	1991 Estimate	1992 Projection	1993 Projection	1994 Projection	1995 Projection
RESOURCES								
(a) Balance of Fund on 1 January	19.03	11.52	30.55	37.10	37.07	32.39	44.73	30.73
(b) Contributions paid by 30 April 1991	44.90	6.35	51.25	20.54	0.00	0.00	0.00	0.00
(c) Estimated contributions due:								
- $245 million target by 1995	0.71	0.07	0.78	53.46	100.00	135.00	182.00	245.00
- (5% real growth after 1992)						(110.00)	(121.00)	(133.10)
(d) Miscellaneous income	2.50	-6.02	-3.52	3.00	3.00	3.00	3.00	3.00
(e) Conversion from non-convertible currency balances (PPSC)*	0.20	-0.20	0.00	0.00	0.00	0.00	0.00	0.00
(f) Change in financial reserve	0.00	0.00	0.00	0.00	-3.41	0.00	0.00	0.00
TOTAL RESOURCES (with 5% real growth after 1992)	67.34	11.72	79.06	114.10	136.66	170.39 (145.39)	229.73 (168.73)	278.73 (166.83)
CLAIMS ON RESOURCES								
(g) Programme and programme support costs	13.09	0.00	13.09	16.65	16.78	18.46	21.00	23.00
(h) Supplementary PPSC budget	0.00	0.00	0.00	0.00	0.00	2.40	0.00	0.00
(i) -Fund Programme activities	25.89	4.96	30.85	44.38	90.00	108.00	160.00	192.00
(j) -Fund Programme reserve activities	1.50	0.00	1.50	3.00	5.00	6.00	5.00	6.00
(k) -Additional programme	5.21	0.00	5.21	24.96	10.00	17.00	57.50	69.00
Full programme (i+ii+iii+iv+v+vi)	32.60	4.96	37.56	72.34	105.00	131.00	222.50	267.00
(i) signed commitments Fund Programme activities	25.89	4.96	30.85	29.99	2.65	0.23	0.00	0.00
(ii) rephasing of commitments from previous years	0.00	0.00	0.00	8.69	14.47	21.00	26.20	44.50
(iii) necessary extensions and new projects	0.00	0.00	0.00	27.52	82.88	104.77	191.30	217.50
(iv) signed commitments Fund Programme reserve activities	1.50	0.00	1.50	0.80	0.00	0.00	0.00	0.00
(v) Fund Programme reserve required	0.00	0.00	0.00	2.20	5.00	5.00	5.00	5.00
(vi) signed commitments supplementary programme	5.21	0.00	5.21	3.15	0.00	0.00	0.00	0.00
(l) Project commitments to be cancelled or rephased to later years	-6.52	-2.17	-8.69	-14.47	-21.00	-26.20	-44.50	-53.40
(m) Total project expenditure (i+j+k+l)	26.08	2.79	28.87	57.87	84.00	104.80	178.00	213.60
(n) New premises expenditures	0.00	0.00	0.00	2.51	3.49	0.00	0.00	0.00
(o) TOTAL CLAIMS (g+h+m+n)	39.17	2.79	41.96	77.03	104.27	125.66	199.00	236.60
BALANCE OF FUND ON 31 DECEMBER (with 5% real growth after 1992)	28.17	8.93	37.10	37.07	32.39	44.73 (19.73)	30.73 (-30.27)	42.13 (-69.77)

* Programme and Programme Support Costs

ANNEX II

Outstanding Contributions for 1988-1990
as at 30 April 1991
(expressed in US dollars)

COUNTRY	1988	1989	1990	Total
Bahamas	-	500	-	500
Bangladesh	-	86*	2 541*	2 627
Brazil	-	-	20 000	20 000
Chile	-	-	5 000*	5 000
China	-	-	67 179*	67 179
Costa Rica	-	-	66	66
Egypt	-	-	6 024*	6 024
Guatemala	-	500*	500*	1 000
Guinea	-	-	4 974	4 974
Haiti	-	3 500	-	3 500
India	-	4 979*	100 000*	104 979
Italy	-	-	376 682	376 682
Jamaica	-	-	3 463*	3 463
Kenya	5 787*	55 667*	74 867*	136 321
Lao Peoples' Democratic Republic	2 000*	2 000*	2 000*	6 000
Malawi	2 183*	-	-	2 183
Nigeria	-	-	32 000*	32 000
Panama	3 500*	-	-	3 500
Philippines	345*	5 000*	5 000*	10 345
Poland	-	769	-	769
Portugal	-	5 000	-	5 000
Senegal	2 000*	-	-	2 000
Seychelles	-	100	-	100
Sri Lanka	-	3 500	-	3 500
Turkey	-	-	9 000*	9 000
United Republic of Tanzania	-	-	8 495	8 495
Uruguay	-	10 000	-	10 000
Zambia	-	182	-	182
Zaire	-	2 000*	3 000*	5 000
TOTAL	15 815	93 783	780 333	889 931

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* Confirmed pledges.